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SUBJECT: ZABAIKALSKY KRAI FACES SOCIAL, ECONOMIC HARDSHIP  
AS ELECTIONS APPROACH

REF: 06 MOSCOW 12900

Classified By: Political Minister Counselor Alice G. Wells  
for reason 1.4(d)

¶1. (C) Summary. Officials in the Trans-Baikal territory (Zabaikalsky Krai), a new federal subject of Russia created on March 1, 2008 as a result of a merger of the Chita region and Agin-Buryat Autonomous Area, prepared for the krai's first elections on October 12. Ahead of the elections, Green Party activists charged United Russia members with strong-arm tactics and disinterest in free elections, while simultaneously outlining the region's serious ecological problems related to timber trade with China. Meanwhile Chita's best-known resident, oligarch Mikhail Khodorkovskiy, received an extension of his prison sentence related to an Esquire magazine interview, an action that called the region's courts into question. Comprised of 108 different ethnic groups and numerous religious affiliations, the region has developed economically since the 1998 financial crisis, despite rampant social problems. However, as the U.S. financial crisis settled in, Chita's lack of sustainable resources suggested difficult financial times ahead. End Summary.

Elections -- a United Russia landslide?  
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¶2. (C) Officials and civilians both expected an overwhelming victory for United Russia in Zabaikalsky Krai's inaugural elections. Chairman for the Temporary Electoral Commission for the Election of Legislative Committee Deputies of Zabaikalsky Krai Andrei Prosyannik refused to speculate on the expected results of the October 12 election, but personally conceded that United Russia would get a majority of the votes. Prosyannik told us on October 6 that 800,000 voters were registered in Zabaikalsky Krai, one-third of whom lived in Chita. He expected that approximately 60 percent of all registered voters would turn out for the elections throughout the krai, but could not provide more concrete estimates on voting patterns for smaller demographic divisions such as age groups, gender, or ethnicity because "such statistics did not exist." Based on the number of election posters and billboards (sorted in declining order) for United Russia, A Just Russia, The Communist Party, and the Liberal Democratic Party of Russia (LDPR) throughout Chita in the week ahead of elections, Prosyannik felt the expected results were pretty clear.

¶3. (C) Prosyannik explained that the Temporary Electoral Commission was formed to oversee the October 12 elections in Zabaikalsky Krai and would be dissolved as soon as the elected Duma members gathered to form a permanent commission, an event which could take some time. He noted that the Commission did not invite election observers to view the procedures in Chita, nor "would they in the future." He called Russia's electoral system open, free, and fair, and referred to past judgments of Russia's system by monitoring

organizations as inaccurate. As proof, he said that "each voter, all across Russia, had the opportunity to enter a curtained booth for voting privacy ensured independence and transparency."

#### United Russia Strong-arming Voters

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¶4. (C) Chairman of the Zabaikalsky Krai Green (Zelyonie) Party and former United Russia member Oleg Chirkov and member of the Zabaikalsky Krai Green Party Political Council Sergei Kozhevnikov told us on October 6 that United Russia representatives in Chita refused to support an agreement calling for clean elections in the krai. Chirkov passed us an original of an undated agreement signed and officially stamped by members of eleven parties in the krai, calling for clean elections and full debates among all party representatives and social organizations. Chairman of the Chita regional Duma and United Russia representative Anatoly Romanov remained the only party representative who did not endorse the agreement. Chirkov also passed us a declaration signed by Social Committee "For Clean Elections" Chairman and State Duma Deputy Nikolay Gonchar that empowered Chirkov as the Zabaikalsky Chairman of "For Clean Elections." Chirkov explained that United Russia continued to disrespect voters, ultimately eroding the confidence of the electorate. He added that United Russia representatives had threatened public sector employees outside of Chita in recent weeks to vote for them or "lose their jobs and salaries." Regarding the Green Party's proposed merger with A Just Russia, he told us that two Green Party candidates would run during the October 12 elections in the rural areas of the krai, and nothing concerning the merger would be confirmed until the

November 21 Green Party Central Council congress.

¶5. (C) Zabaikalsky Krai Duma Deputy, United Russia member, and Rector of Chita State University Yuriy Rezkin told us on October 7 that he believed that Russia needed only three to four strong political parties as opposed to the throngs of small, weak parties flooding the national political scene. Rezkin supported Vladislav Surkov's plan for a limited number of political parties, specifically calling for the establishment of one economically-oriented party and a liberally-inclined party. Referring to the Green Party, he joked that Chita cannot simply elect a bunch of "ecology professors and environment defenders" to the Duma; rather, the city needed well-rounded politicians that had a command of numerous issues.

#### Khodorkovskiy Term Extended

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¶6. (C) While we were in Chita, local attorney for imprisoned oligarch Mikhail Khodorkovskiy Semyon Rosenberg doubted there would be any positive developments in his client's case in the near future. On October 7, he told us that Khodorkovskiy's legal team planned to appeal a Chita regional court decision prolonging their client's custodial term in a pre-detention facility until February 2, 2009, the seventh extension since Khodorkovskiy's imprisonment. The appeal, scheduled for October 15, was followed by Khodorkovskiy's imprisonment in a solitary punishment cell for 12 days, purportedly for receiving uncensored letters prohibited by the Russian Criminal Code. Rosenberg commented that the local prison authorities probably decided to complicate matters for Khodorkovskiy because of a recently published article in the Russian-language edition of Esquire magazine which reported the oligarch's discussion with Russian writer Boris Akunin. Human rights activists Lev Ponomarev and Lyudmila Alekseyeva have echoed Rosenberg's version of events.

¶7. (C) Rosenberg frankly solicited U.S. assistance in the "unprecedented" Khodorkovskiy case. Frustrated by the lack of transparency of the Russian court system, he told us that after practicing law for 40 years in Russia, any claims of judicial independence in Chita were a farce. He marveled at

Khodorkovskiy's strength of character, intellect, patience, and resolve over the past five years of imprisonment, pointing to his client's past hunger strikes as an example. Rosenberg applauded Khodorkovskiy's ability to stay mentally sharp and avoid a moral decline in prison. According to Rosenberg, Khodorkovskiy approached his term in prison as any other inmate, and demanded that prison guards treat him equally as other prisoners to avoid inmate retribution for privileged status.

#### Economic Growth or Naivete?

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18. (C) First Deputy Minister of the Ministry of Cooperation and External Economic Connections and Trade (MSVEST) Aleksandr Novoseltsev categorized the Chita economy on October 6 as closely intertwined with those of China and Mongolia, especially praising Chinese direct investment in the krai. He listed Mongolia as a main supplier of meat products to Chita and China as the main purchaser of Zabaikalsky timber, important partners in a time of receding disposable incomes, high inflation, and overpriced real estate. Past proposals with the United States and Korea for direct investment never panned out, however. Novoseltsev blamed the United States economic crisis for probably scaring potential investors away from Russia, yet believed it would not affect Chita's economic well-being. He indicated that the large number of cranes and construction sites proved that Chita's economy was improving and would continue to accelerate despite international problems.

19. (C) Chief of Chita's Foreign Economic Relations Bureau Oleg Kosyanenko outlined Chita's economic plans for the near future on October 7, placing new road construction, improved hospitals, new school buildings, and a municipal infrastructure overhaul at the top of the list. In order to accommodate for the construction boom, he noted that approximately 10,000 to 14,000 Chinese nationals lived and worked in the city, and he expected Chinese immigration to increase as Chita residents continued to leave the city for greener pastures in Moscow and Irkutsk. Zabaikalsky Krai Duma Deputy Reznik agreed that Chita needed basic economic improvements, especially in average salaries, reduced costs for food staples and real estate, and fresh infrastructure. He refuted comments that Chita was slowly dying as a city, commenting that citizens from outside the region continued to move to the city and believing that former residents would return from Moscow because of its high cost of living.

110. (C) FLEX alumni Stanislav Akinin, a Chita native who recently received a job offer in St. Thomas in the U.S. Virgin Islands after graduating from Switzerland university with a degree in hospitality management, expressed concern about the potential effect of the U.S. economic crisis on Chita. Akinin, son of a United Russia member and prominent businessman and real estate investor, told us on October 6 that he foresaw credit contraction and a real estate slowdown in Chita, pointing to a number of chain retail outlets and small businesses that had already closed in the past month because of high overhead costs. While official Chita statistics reported an average monthly salary of 13,000 rubles (USD 500) per month, Akinin believed the figure to be closer to 8,000 to 10,000 rubles (USD 325 to 400) per month. Considering that current average real estate prices neared 2,500 dollars per square meter, an average 75 square meter apartment approached USD 200,000, an investment stretch financially for Chita's citizens.

111. (C) Akinin strongly linked crime and business in Chita based on statistical research and his personal experiences. Calling his home town "Chitago" because of the string of recent violence similar to Al Capone's heyday in Chicago, he told us that his uncle, a prominent businessman, had been shot and killed in his car outside his home two years ago. Several other business leaders in Chita had been murdered in the past several years because of their criminal ties, according to Akinin. His own father, a prominent businessman, feared for his family's lives. A survey of

Russian cities from 2005 listed Chita as having the seventh highest rate of crime, based on number of crimes per population.

#### Environmental Damage from Timber Cutting

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¶12. (C) Green Party representative Chirkov lamented the declining state of Zabaikalsky Krai's ecology, pointing to the negative effects of illegal timber cutting for sale on the Chinese market. Chirkov claimed that 15 percent of the voting population in the krai supported Green Party initiatives, and believed he could secure 30 percent of the vote provided fair elections. Director of Chita's Department for External Economic Relations Oleg Kosyanenko concurred that illegal timber cutting threatened the environmental and economic security of the krai, and not that Russian border guards struggled to stamp out the practice, encouraged by rampant corruption. Kosyanenko said that areas immediately outside Chita were hardest hit by illegal logging because of the existence of a road network, and that one potential problem presented by proposed new road construction would be widening environmental damage.

#### Religious Freedom Alive in Chita

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¶13. (C) Leaders from the Russian Orthodox Church (ROC), Buddhist community, and Seventh Day Adventists in Chita unanimously agreed in separate meetings on October 6 that all religious parties observed their traditions freely, if not equally. ROC Secretary of the Chita-Zabaikalsky Krai Diocese Igumenom Dmitry acknowledged that the ROC battled other Protestant religious views in Chita through informational campaigns. Calling the ROC the "big brother" of Russia's different religions, Dmitry pontificated that the Church, as the oldest and most influential religion in Russia, carried more responsibility. In his view, the ROC deserved more latitude in its relations with other religions because of this role. In a frank confession, he dismissed the value of different Protestant faiths in Chita and openly smiled when he mentioned that all their missionaries had departed Chita. Lama Bayir Tsimpiloviy of the Chita Buddhist Datsan (Temple) praised the ROC for its tolerance of the Buddhist faith and traditions, and assured us that no religious restrictions existed in Chita. Tsimpiloviy added that several Buddhist datsans dotted the rural regions of the krai, and construction continued on the large datsan in Chita's suburban region. While an exact figure was unknown, the Buddhist population in Chita equaled that of Russia's pre-revolutionary period. Seventh Day Adventist Pastor Konstantin Tsivil'yov also told us that no barriers for registration, worship, or cultural observance existed in Chita, yet admitted that his group would never be equal with the ROC. Tsivil'yov, a former exchange student in the United States, estimated his church's congregation at just under 100, and said that renovations on their church were nearing completion. He added that he kept in close contact with the Seventh Day Adventist community in Irkutsk, which he said boasted almost 1,000 members.

#### Social Decline A Major Problem

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¶14. (C) ROC leader Igumenom Dmitry expounded on the role of the Church in Chita, calling regional social issues the biggest challenge for the near future. He called Russia's demographic crisis -- exacerbated by Russia's high mortality rate; level of alcoholism, disease, and divorce; and the world's highest abortion rate -- a "major problem." Dmitry estimated that 10 percent of Chita's residents, or approximately 30,000 people, attended Orthodox services regularly while another 45 to 55 percent professed to be Orthodox Christians without going to church. By not reaching such a large portion of Chita's population, Dmitry expressed concern that little would change on the larger scale. The ROC planned to counteract the negative social trends by pushing its constituents to resist the Western

consumer culture and by advocating against abortion (a practice Dmitry "hated having to pay taxes for"). Dmitry recognized the problem Russian women encountered in Chita: faced with few stable prospective men for marriage, women latched on to and married any available man, yet had few children as the husband's activities, poor health, and unemployment detracted from the merits or feasibility of a large family. Calling the trend a "continuing spiral," Dmitry predicted a worsening of social conditions in Russia without broader government intervention.

#### Pared Down Educational Standards and Options

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¶15. (C) Zabaikalskoye State University (ZSU) professor Yelena Nakaznaya described the worsening condition of Chita's education system on October 6, notably complaining that ZSU had dropped its German and French language programs, and only barely managed to maintain the Spanish program, because of funding constraints. She labeled Chinese as the most important foreign language program with English a close second. Nakaznaya added that no one graduated from the foreign language faculty at her university last year, prompting administrators to drastically reduce standards to "their lowest levels ever" for prospective students in 2008. According to Nakaznaya, some of the main contributing factors to Chita's educational system cutbacks are the low birth rate and high emigration rate for the city. While city administrators and politicians praised plans for new kindergartens, she said that kindergarten enrollment rates had reached an all-time low. Official city population statistics still totaled Chita's residents at 370,000; however, Nakaznaya, Akinin, and Reznik all provided the revised number of 300,000.

#### Different Ethnic Groups Get Along in Chita

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¶16. (C) Ethnic tensions in Zabaikalskoye Krai were nonexistent, according to several contacts in Chita. Government employees Kosyanenko and Reznik both cited official statistics, saying that 108 different nationalities lived in harmony in the district. Zabaikalsky State University professor Yelena Nakaznaya told us that significant Chinese, Tajik, Kyrgyz, Tatar, Ukrainian, German, Buryat, Kazakh, Uzbek, Azeri, Korean, and Georgian diasporas existed in Chita, and all managed to cooperate without tension. After the conflict in South Ossetia, no pickets or demonstrations by or against the Georgian diaspora took place, nor were they expected.

#### U.S. at Fault in South Ossetia

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¶17. (C) The majority of contacts in Chita chastised American foreign policy in the Caucasus and Ukraine. Duma Deputy and Chita State University Rector Reznik dismissed any up-tick in negative public opinion of the United States concerning the conflict as well. While Chita residents followed the events in South Ossetia like all Russians, few felt any close connection to the region and most accepted the conflict as another example of "American aggression." MSVEST First Deputy Minister Novoseltsev criticized the American double standard in Kosovo and said Russia must defend itself against the U.S. encirclement policy in Europe, indicated by the NATO MAP plan and agreements in Poland and the Czech Republic for an anti-missile defense system. MFA First Secretary Dmitry Alemasov questioned the logic behind the U.S. recognition of Kosovo and subsequent rejection of South Ossetian and Abkhazian independence, pointing to the similarities in each situation.

#### Comment

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¶18. (C) While Zabaikalsky Krai parliament candidates promised better salaries, lower prices, and better social services in advance of the October 12 elections, Chita

remains an economically depressed city with marginal  
long-term potential. Russia's general societal problems,  
partially muted by staggering wealth in 3jQiqomic  
downturn, religious and interethnic relations could also sour.  
RUBIN